

CALIFORNIA ENERGY COMMISSION

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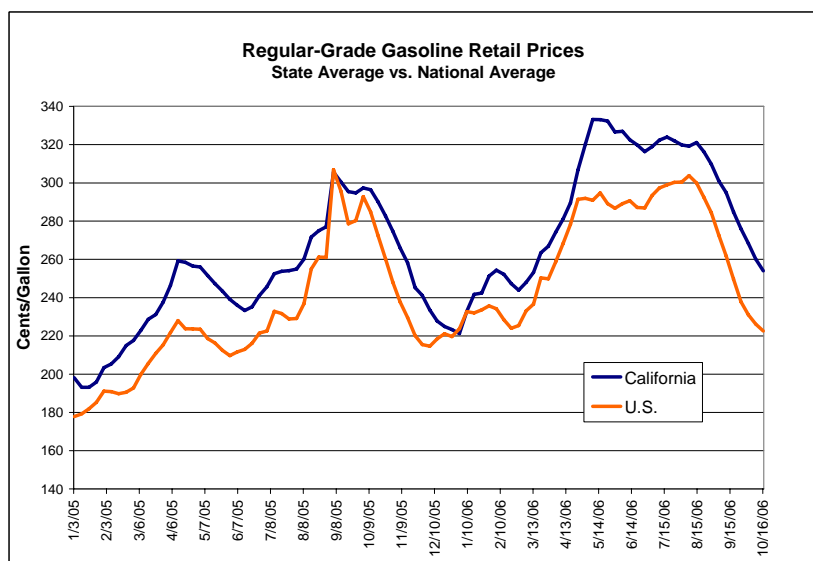
Main website: www.energy.ca.gov

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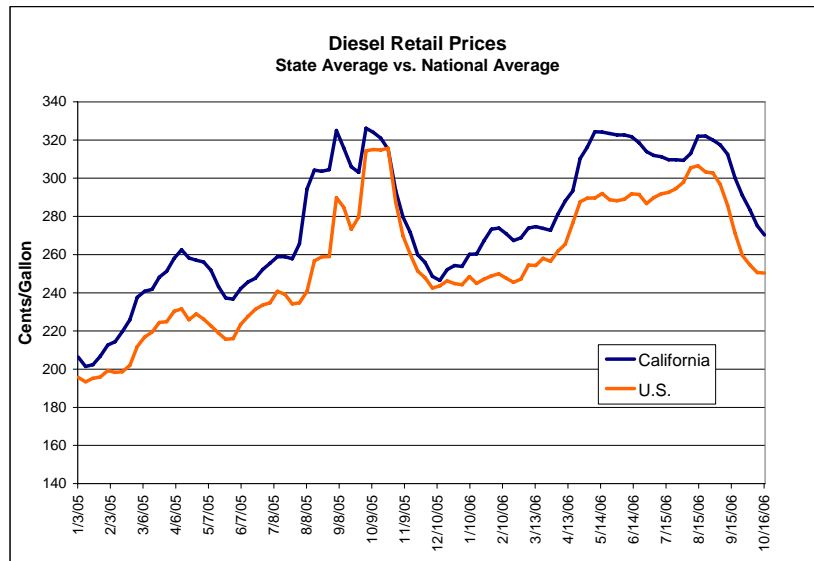
Consumer Information: www.ConsumerEnergyCenter.org

**Petroleum Watch****October 20, 2006*****Retail Gasoline and Diesel Prices on October 16***

- For the ninth consecutive week, California gasoline prices have fallen. The average statewide **retail price for regular-grade gasoline** dropped 6 cents to \$2.54 per gallon, 79 cents less than the record high of \$3.33 on May 8.ⁱ
- The difference between California and U.S. retail gasoline prices declined 3 cents to 31 cents per gallon. **U.S. prices fell to a 2006 low** of \$2.23 per gallon, 3 cents less than last week and an uninterrupted decline of 81 cents since August 7.



- The average California **retail diesel price** fell by 5 cents from the previous week to \$2.70 per gallon. At the same time, the U.S. retail diesel price did not change, reducing the difference between California and U.S. prices to 20 cents per gallon.

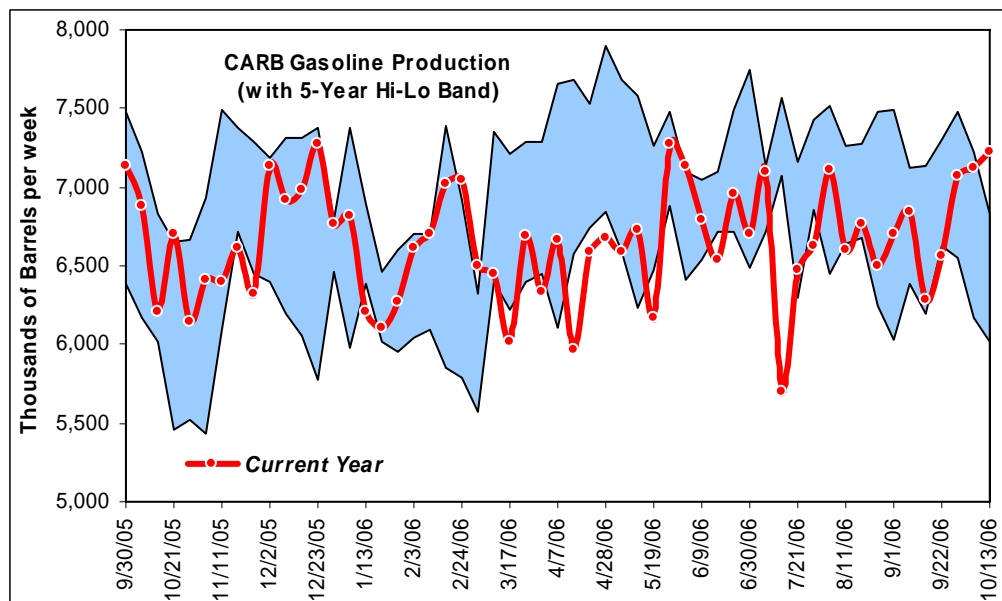


Wholesale Gasoline and Diesel Prices on October 17

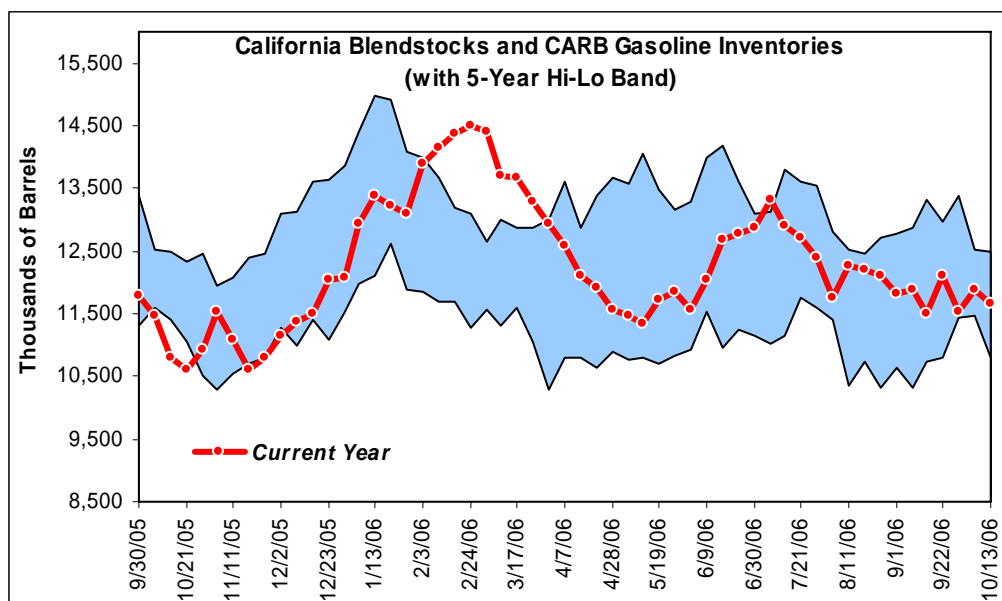
- California spot **wholesale gasoline prices** for regular-grade reformulated blendstock for oxygenate blending (RBOB) decreased a penny over the last week to \$1.69. Prices are now \$1.28 lower than the record high of \$2.97 on May 2 and only 13 cents more than the 2006 low of \$1.56 on February 14.
- High in-state gasoline production and stable oil prices kept California wholesale gasoline prices relatively level this week.
- Spot prices for RBOB in Los Angeles are 18 cents higher than New York Harbor and 22 cents more than the Gulf Coast.
- California spot **wholesale ultra low-sulfur diesel prices** ended at \$1.77 per gallon this week, 3 cents more than the 2006 low of \$1.74 on February 15, and 91 cents lower than the record high of \$2.68 on May 3.
- California wholesale low-sulfur diesel prices declined to 3.5 cents less than New York Harbor and 4 cents more than the Gulf Coast, compared to 6 cents and 10 cents higher, respectively, on October 10.
- California gasoline ended the reporting week at 8 cents less than California diesel, compared to 9.5 cents less on October 10.
- The Energy Information Administration (EIA) weekly assessment for October 13 reports that **U.S. gasoline demand** increased 0.6 percent from the previous week, while distillate demand increased 4.7 percent. The four-week average demand for gasoline is 9.227 million barrels per day, 4.2 percent more than last year's four-week average. The four-week average for U.S. distillate demand is 4.302 million barrels per day, 9.8 percent more than last year. However, last year's U.S. fuel demand levels were unusually low because of the impacts of Hurricane Katrina.

Refinery Production and Inventories

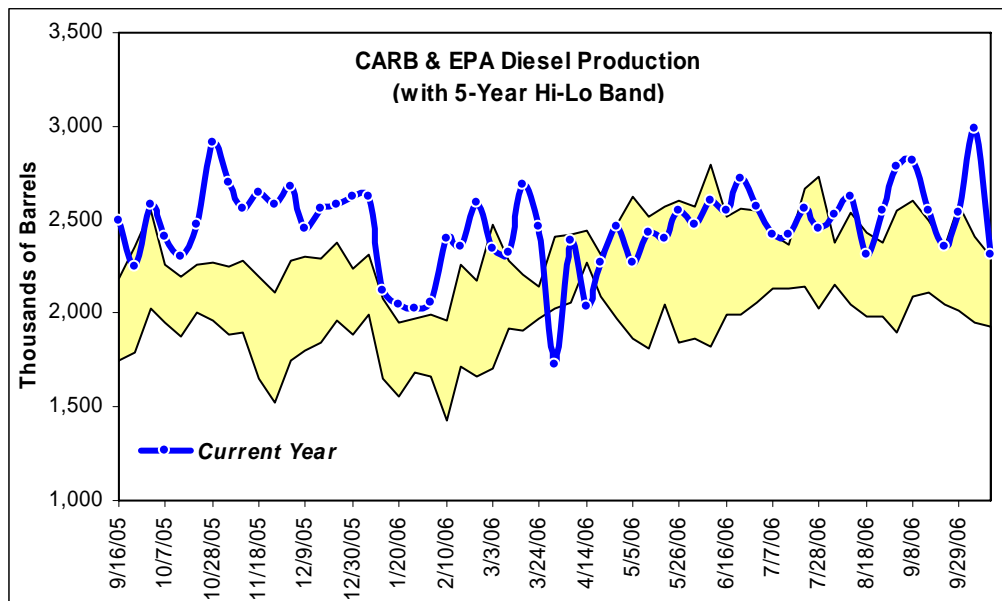
- **Reformulated gasoline production** in California for the week ending October 13 increased 1.4 percent from the previous week to 7.22 million barrels. Production levels rose above the top of the five-year range.ⁱⁱ



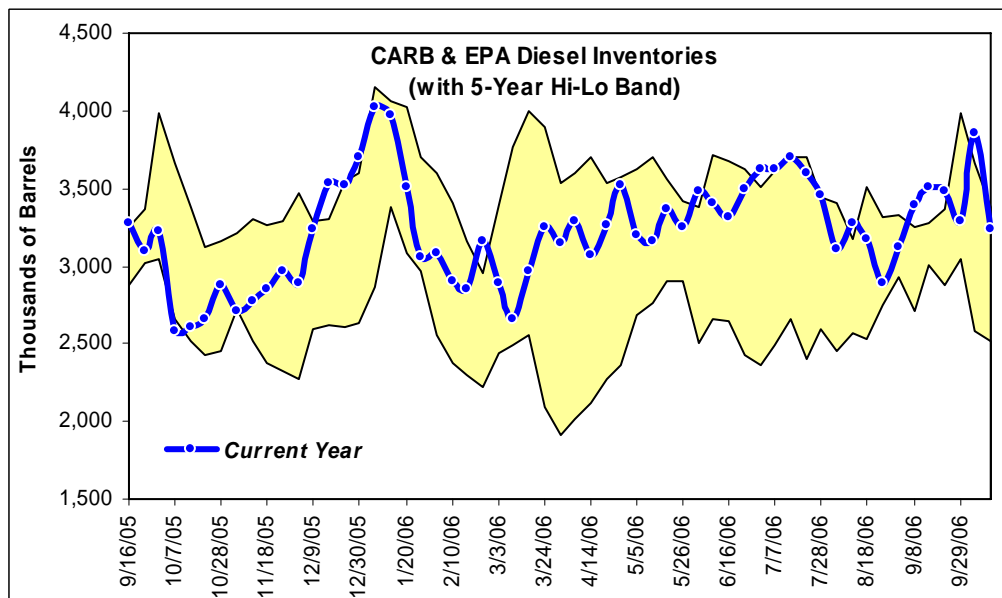
- California reformulated gasoline inventories decreased by 0.7 percent and gasoline blendstock inventories fell by 2.9 percent during the last week. As a result, **combined inventories** of reformulated gasoline and gasoline blendstocks in the state **decreased by 1.9 percent** to 11.66 million barrels, staying near the middle of the five-year range.



- U.S. gasoline inventories decreased 5.2 million barrels to 210.2 million barrels as of October 13. Inventories in all regions of the U.S. declined.
- California **diesel production** during the week ending October 13, including both California diesel and U.S. Environmental Protection Agency (EPA) diesel, decreased by 22.9 percent from the previous week to 2.31 million barrels. However, output is 0.7 percent more than year-ago levels and remains at the top of the five-year range.



- Combined **diesel inventories** in California remain at the top of the five-year range but decreased by 16 percent from the previous week to 3.24 million barrels. Total U.S. distillate inventories as of October 13 decreased to 145.4 million barrels, 4.5 million barrels less than the previous week. Distillate inventories in all regions of the U.S. declined.

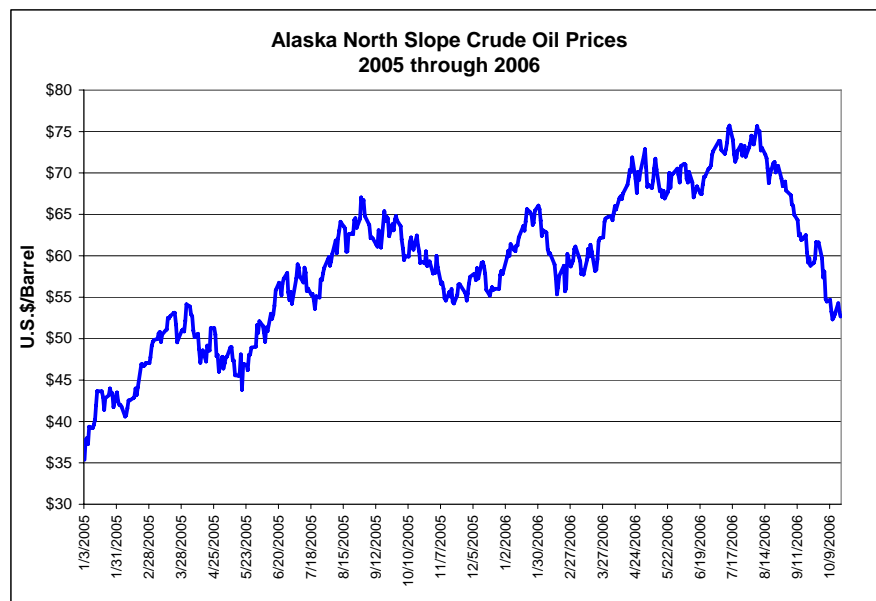


Crude Oil Prices and Inventories

- West Coast prices for Alaska North Slope (ANS) crude oil, an important refinery feedstock for California, started the week with a slight rebound on the first cold weather of the season and OPEC's October 19 decision to cut oil production by

1.2 million barrels per day. The output cut is aimed at boosting prices, which have declined more than 25 percent since mid-July. Some OPEC ministers said a further cut of 500,000 barrels per day could follow when OPEC next meets in Abuja in December, to address high fuel stocks in consumer countries, particularly the United States, and a projected drop in demand for OPEC oil in 2007.

- Elsewhere, defects in lifeboat systems compelled Norwegian authorities to shut down Statoil's Snorre A platform and Shell's Draugen platform on October 13, a loss in production of about 280,000 barrels per day. The Draugen platform was restarted a couple days later, but Statoil was forced to shut down a second platform on October 18, also because of problems with the lifeboats.
- In Alaska, Prudhoe Bay production has been restarted following weather-related outages last week. Output from the field had also been limited due to pipeline corrosion problems discovered in August but, with bypass lines now established, all flow stations are in service and production should return soon to normal levels of about 400,000 barrels per day. On reports of large increases in crude oil inventories, ANS prices fell back to \$52.65 per barrel on October 18.ⁱⁱⁱ



- U.S. commercial crude oil inventories as of October 13 increased by 5 million barrels to 335.6 million barrels. Stocks are 23.6 million barrels higher than last year and 42.8 million higher than the five-year average. California crude oil stocks also increased, up 8.8 percent from the previous week, to 16.53 million barrels.

ⁱ Spot wholesale and retail gasoline and diesel prices and U.S. crude oil and product inventory estimates are from the Energy Information Administration of the U.S. Department of Energy.

ⁱⁱ California refinery production and inventory information are from the Petroleum Industry Information Reporting Act (PIIRA) database maintained by the California Energy Commission.

ⁱⁱⁱ ANS crude oil prices are from *The Wall Street Journal*.